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C O N F I D E N T I A L SECTION 01 OF 05 RIYADH 008401

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TREASURY PASS TO FINCEN.

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TAGS: [KTFN](#) [EFIN](#) [PTER](#) [ETTC](#) [SA](#)
SUBJECT: THE SAUDI FINANCIAL INTELLIGENCE UNIT I: STAB AT
2007 EGMONT MEMBERSHIP

REF: RIYADH 9221

Classified By: Acting Deputy Chief of Mission Robert Silverman for reasons 1.4 (b), (d) and (g).

1. (U) Summary: From September 16-19, Ahmed Elbashari, representative of the U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN), and EconOff, met with senior management of the Saudi Arabia Financial Investigation Unit (SA FIU) to conduct a final on-site assessment of the SA FIU for membership in the Egmont financial intelligence units. Over the four-day visit, the Saudis provided complete access to the SA FIU, the Bureau of Investigation and Prosecution (BIP), the Saudi Arabian Monetary Authority's (SAMA) bank compliance officers, the Ministry of Interior's (MOI) Public Security Agency (PSA), and the Mabathith (the Saudi's intelligence service). The SA FIU leadership freely shared information and expressed eagerness to join the Egmont Group in 2007. However, the SA FIU is not yet a fully functioning financial investigative/intelligence unit. End Summary.

2. (U) The USG delegation consisted of Ahmed Elbashari, FinCEN MENA regional specialist. Also present was Embassy EconOff. The following were Saudi Arabia's Government (SAG) and private sector Saudi interlocutors for this assessment mission:

--Dr. Saud Al-Mureishd, Director of the SA FIU;
--Khalid Al-Luhaidan, Deputy Director of the SA FIU;
--Naser Al-Omar, Head of the Department of Information Exchange and Follow up of the SA FIU;
--Musfer Kahtani, Deputy head of the Department of Information Exchange and Follow up of the SA FIU;
--Abdulatif Al-Herish, Chief of Financial Crimes Department of the BIP;
--Colonel Khedher Al-Zahrani, Administration Director of Criminal Research in Public Security of the PSA;
--Captain Ahmed Al-Luhaidan, Head of the Anti-money Laundering Unit in the Drug Enforcement branch;
--Colonel Abdul-Kareem Al-Sbait, Head of the Interrogation Department of the Mabathith;
--Colonel FNU LNU, Head of the Investigation Department of the Mabathith;
--Colonel Fahad Abdulaziz Al-Maghlooth, General Supervisor of the SA FIU and Chief of the Permanent Committee on Counterterrorism at the MOI;
--Mohammed Al-Shayi, Director of Inspection Department of SAMA; and
--Bank compliance officers from Al Rajhi Bank, The Saudi

British Bank, SAMBA Financial Services, and Al-Bilad Bank.

13. (C) The SA FIU's Deputy Director, Al-Luhaidan was absent for all meetings at the SA FIU, however was present at the Mabahith meeting. Al-Luhaidan is assisting the Mabahith's newly created investigation department. End comment.

SA FIU'S STAFFING

14. (U) The SA FIU currently has 111 employees. Of the 111 employees 94 are permanent personnel (from MOI), 10 are detailed from SAMA, and 7 are temporary or contract personnel. The SA FIU characterizes them in the following categories: 9 are tactical analysts, 13 are strategic analysts, 11 are financial investigators, 5 are regulatory specialists, 3 are legal specialists, 7 are computer specialists, 3 are training specialists, 17 are administration/support, 11 are management, and the remaining 32 are nominal support staff.

15. (C) Comment: Ascertaining a breakdown of the total number of SA FIU employees was difficult because the SA FIU double counted employees who fill multiple job roles. Almost 50% of the SA FIU's staff is support personnel with no investigative function. End Comment.

SA FIU'S ORGANIZATIONAL STRUCTURE

16. (U) The SA FIU provided an organizational structure

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outlining the various departments:

- The Director's Office to include, Director, Dr. Saud Al-Mureishd, and 10 staff members;
- The Deputy Directors Office to include, Deputy Director, Khalid Al-Luhaidan, and 5 staff members;
- The Department of Information and Studies, Headed by Mjr. Abdullah Alqahtani, and 7 staff members;
- The Department of Financial & Administrative Affairs, Headed by Cpt. Abdullaziz Alfaleh, and 17 staff members;
- Training Center, Headed by Mjr. Mohamed Zarban, and 1 staff member;
- The Department of Reports, Headed by Mjr. Abdullah Alsalouli, and 18 staff members;
- The Department of Information Exchange & Follow Up, Headed by Mr. Naser Alomair, and 5 staff members; and
- The Department of Information Gathering & Analysis, Headed by Mjr. Ahmed Alrbish, and 20 staff members.

17. (C) Comment: There appears to be a significant discrepancy between the staff numbers provided on the Egmont questionnaire and the staff numbers on the organizational chart. EconOff believes the number of staff provided on the organizational chart (83) more accurately reflects actual staff at the SA FIU. Also, when touring the building during the normal working hours the SA FIU did not seem to have 111 employees. Of the employees present, most appeared to be support staff not engaged in substantive financial intelligence work. End comment.

SA FIU'S INVESTIGATION RESULTS

18. (U) In accordance with Egmont's requirements (as requested by the membership questionnaire) the SA FIU provided the following statistics regarding investigation and prosecution results. From September to December 2005, the SA FIU received 142 disclosures (suspicious transaction reports (STRs); opened 98 cases; passed 6 cases to an independent agency, BIP, for investigation; closed 1 case. The SA FIU

referred 21 cases to the BIP for prosecution. Of these, 4 cases resulted in convictions; 4 cases resulted in the seizure of assets; and in 4 cases the assets were permanently confiscated.

¶9. (U) From January 2006 to now the SA FIU received 238 disclosures (STRs); opened 207 cases; passed 3 cases to the BIP for investigation; and closed 3 cases. The BIP prosecuted 23 cases, with 14 cases resulting in convictions. In 4 cases BIP temporarily seized assets; and in 14 cases BIP permanently confiscated assets. (Note: The SA FIU explained their inconsistent statistics by noting the BIP prosecuted financial crimes cases prior to the inception of the SA FIU. Of the nine cases passed on for investigation to the BIP since 2005, none have gone to prosecution, but SA FIU is now actively involved in the financial and criminal analysis of those cases.

¶10. (SBU) The SA FIU also provided statistical information on its information sharing with other FIUs. In 2006, Senegal and Syria requested information related to a financial crimes case. In 2006, the SA FIU requested information from Bahrain's FIU. The SA FIU initiated its own investigation based on the information provided from Bahrain's FIU. The SA FIU has yet to provide or seek information from any international organization.

¶11. (C) Comment: The Joint Terrorism Finance Task Force (JTTF) worked with the SA FIU to request information from the Bahrain FIU. Specifically, the information requested related to an ongoing U.S. Treasury investigation of a Saudi charity illegally opening bank accounts in Bahrain without properly registering the organization. End Comment.

SA FIU BUDGETING

¶12. (U) The SA FIU has a separate budget allocation from the MOI. The SA FIU's budget allocation provides daily operating expenses; however the employee salaries come from the main MOI budget. The SA FIU prepares a budget request to

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the MOI who in turn requests the allocation from the Ministry of Finance.

¶13. (C) The SA FIU Director has the authority to approve expenses up to SAR 20,000 (USD \$5333), or otherwise it must go to a committee for approval. In 2006, the SA FIU's budget was SAR 4.5 million for utilities, infrastructure and training, and SAR 20 million for technical software.

SA FIU INFORMATION TECHNOLOGY & SECURITY

¶14. (U) The SA FIU runs on seventy-four computers with four servers, connected to a law enforcement database and the SA FIU Microsoft Access database. Currently the SA FIU's computer network and servers are being upgraded with the assistance of the National Communication Center (NCC) to meet international standards and Egmont requirements.

¶15. (C) The SA FIU's computer networks are protected by a secure system which requires a login and six digit, alpha/numeric, password (the SA FIU and MOI networks share applications, forms, and human resources). The computer user is assigned a specific computer to which their login and password are linked to allow for security tracking of accessed information. The computers have a disabled thumbdrive/disk drive, and only the IT department can transfer information from the secure to non-secure system.

¶16. (C) Comment: The SA FIU's system is not routinely audited or checked for misuse by employees. The IT

department does not believe their system is hackable by outsiders because the systems is not connected to the internet. However, the Director's computer is linked to the internet, and would provide a point of access to the network. Also, the area where the NIC databases are located is not secure. End Comment.

¶17. (C) The SA FIU does not have the capacity to securely store documents at this time. There are no file rooms or file cabinets. Rather, each department head has an electronic safe in their office where documents are stored. In the future, the SA FIU will have a secure document storage room. Regarding foreign FIUs information, the SA FIU will safeguard information and follow that FIUs distribution policy.

¶18. (C) Comment: Physical security standards were lacking during the SA FIU tour. There were no apparent standard safeguards (e.g., no file cabinets with locks, no deadbolts on the offices or security codes, no industrial or sophisticated shredders). Video cameras were being installed as we arrived. Department heads have electronic safes in their offices, but those that are commonly available at a hardware store. The only shredder in view was in the Director's office, and that too could have been purchased at a hardware store. In the future, the SA FIU plans to move to a biometric system. For now, the SA FIU personnel go through a one month security surveillance screening by the Mabahith prior to coming on board. End comment.

THE SA FIU'S WORK FLOW

¶19. (U) The SA FIU's Reporting Division receives STRs via in person, mail, fax, or through a toll free phone line. The department runs twenty-four hours a day and has four shifts changing every six-hours. During one eight-hour shift, an average of seven-ten STRs are processed. When the STR arrives, it is logged into a book and entered into the SA FIU database.

¶20. (U) The SA FIU's Department of Information Gathering and Analysis consists of a security analysis section and a financial analysis section. Staffed by experienced MOI officers, the departments collect relevant documents for the investigation.

¶21. (C) The Staff focuses on the suspect's financial and commercial background (e.g., criminal record, family history). To obtain relevant information, they use the top

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secret National Intelligence Center's (NIC) database that has

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information on all persons in Saudi Arabia, whether Saudi or non-Saudi. Information in the NIC is derived from approximately ninety different databases throughout the Kingdom. The investigators search NIC records for travel indicators (e.g., travel to Afghanistan), and do cross-analysis with information provided from SAMA. If there are grounds for suspicion the case will be transferred for law enforcement investigation to the PSA for a money a laundering crime or the Mabahith for a terrorism finance crime.

¶22. (U) If the Department of Information Gathering and Analysis finds grounds for suspicion based on the PSA and Mabahith findings, the case report is referred to a Three Person Committee, consisting of the Director, Legal Advisor and the Director of the Information Gathering and Analysis Department. The committee decides if the case is transferred to the BIP for formal investigation and possible prosecution.

¶23. (C) Comment: During the discussion of the work flow, it was unclear what role the SA FIU plays. While the SA FIU collects the information from the various entities (e.g., banks, non-financial institutions) and gives it to the MOI law enforcement and BIP for prosecution, the SA FIU does not carry out much investigation or analysis, which is reflected in its current staffing level of analytical personnel. The SA FIU's low number of analytical staff would appear to indicate they currently play a facilitation role, rather than a lead investigator role at this time. End comment.

SA FIU'S RELATIONSHIP WITH THE MOI, BIP AND SAMA:
IN FACT, CAN THIS WORK?

¶24. (U) The SA FIU has well established relationships with the MOI and the BIP. The SA FIU is primarily comprised of MOI personnel, and the two work hand in hand. The BIP and the SA FIU closely communicate openly about their financial crime investigations.

¶25. (SBU) The SA FIU and SAMA's relationship is a work in progress with SAMA controlling all aspects of financial institution information. The SA FIU works through SAMA to obtain routine bank information or customer information from non-reporting banks.

¶26. (C) Comment. The SA FIU's poor relationship with SAMA was clearly demonstrated at SAMA's lack of cooperation in arranging independent meetings with bank compliance officers as requested. HRH Prince Mohammed bin Naif's liaison with the SA FIU, Colonel Fahad Al-Maglooth, explained the power struggle between SAMA and the SA FIU. SAMA wanted the SA FIU to be under their leadership rather than the MOI. SAMA's bitterness in not acquiring the SA FIU became apparent when bank compliance officers and SAMA officials would not answer questions that are readily available to the public (e.g., the number of customers one has at their bank). End comment.

¶27. (C) Comment. EconOff asked Colonel Al-Maglooth what type of training assistance is needed at the SA FIU? Colonel Al-Maglooth responded by asking for SAR analysis training. This indicates the current level of expertise and training of the SA FIU in their ability to analyze and investigate financial crimes. Also, Colonel Al-Maglooth stated, HRH Prince Mohammed bin Naif, is working closely with the SA FIU and SAMA to develop a better and more efficient working relationship. End comment.

SA FIU'S AUTHORITY TO OBTAIN INFORMATION
FROM OTHER SAG AUTHORITIES FOR A FOREIGN COUNTERPART

¶28. (U) Article 14 of the Anti-Money Laundering Law empowers the SA FIU to obtain information from other SAG authorities for use by foreign FIUs. If the SA FIU receives a request from a foreign FIU for information contained in the SA FIU database, the SA FIU will share that information; all other information the SA FIU can request from other SAG entities.

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¶29. (C) SAMA stated that in order to provide information to the SA FIU it will need formal agreements with foreign FIUs. In a separate meeting, the SA FIU was asked whether SAMA has to provide financial information to the SA FIU when requested. The SA FIU Director responded that SAMA must provide the information when asked.

¶30. (C) Comment: SAMA's statement leaves the impression they can delay the information sharing process by not releasing information. If the SA FIU becomes part of Egmont, SAMA could delay information sharing with other FIUs. End

comment.

COMMENT

¶31. (C) The SA FIU visit showed a young agency trying to establish itself and protect its newly granted turf. It has accomplished a lot in terms of infrastructure, establishing regulations, and relationship building with most SAG entities. However, the SA FIU is not yet a fully functioning financial investigative/intelligence unit. The SA FIU in reality is an information warehouse that passes on the investigative and analytical work to the MOI or the BIP. The SA FIU is not yet the financial intelligence and investigative powerhouse it needs to be. While it has the legal regulatory power to do so, it will take more time for it to stand on its own two feet.
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